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NORTH SHORE RAILWAY COMPANY.

REPORT OF THE ENGINEER-IN-CHIEF

TO THE

NEW BOARD OF DIRECTORS,

MAY 28th, 1873.

BELLICOURT
SAMPSON & CO.

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NORTH SHORE RAILWAY

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NORTH SHORE RAILWAY COMPANY.

At a special meeting of the new Board of Directors, held yesterday, Mr. James G. Ross was unanimously elected President, and Mr. J. B. Renaud, Vice-President, for the ensuing year.

The Committees were struck off as follows:—

Executive.—The Hon. G. Irvine, A. Thomson, the Mayor of Three Rivers, Col. Rhodes, and L. A. Cote, Esq.

Finance.—The Hon. L. Archambault, W. Hunt, E. Beaudet, J. Burstall and J. B. Renaud, Esqs.

Committee on Lands.—The Hon. Dr. Beaubien, the Mayor of Quebec, the Mayor of St. Sauveur, Willis Russell and H. T. Tasche-reau, Esqs.

Immediately after the organization of the Board, the Engineer-in-Chief, General Silas Seymour, was sent for, and requested to present a report of his recent visit to Europe in connection with the road, and also any propositions from English capitalists, of which he was the bearer, with reference to the immediate construction of the road—upon which General Seymour read the following report, which was referred to a select committee, with instructions to report to an adjourned meeting of the Board, to be held on Wednesday of next week:—

NORTH SHORE RAILWAY.

Report of the Engineer-in-Chief to the Board of Directors.

QUEBEC, May 28th, 1873.

Mr. President and Gentlemen:

I have the honor to report that, by request of Messrs. Perry H. Smith and Samuel L.

Keith, on the part of the Chicago Contracting Company, and by permission of the President of the Railway Company, I left Quebec on the evening of the 29th February last, for London, England, where I arrived on the 12th of March following.

Messrs. P. H. Smith and G. L. Dunlap had left Quebec for Europe in July, 1872, for the purpose of negotiating a sale of the mortgage bonds of the Company. Mr. Smith had returned to America early in December of the same year, and Mr. Dunlap had remained in Europe.

I had completed the maps, profiles, plans, and estimates of quantities upon the line, from the revised surveys made in 1872; and it was thought advisable for me to take them to London, in order to lay them before parties who were inclined to invest in the securities of the Company.

On joining Mr. Dunlap in London, I found that he had entirely abandoned as impracticable the idea of selling the bonds at present; and that he had some hope of being able to form a syndicate of capitalists, who would make a loan of 50 or 60 per cent. upon them, and hold them as security until the partial or final completion of the road.

Our joint efforts, together with those of Mr. P. H. Smith, who reached London on the 9th of April, were therefore directed to the formation of this syndicate upon the basis of the present contract, until about two weeks previous to my departure from London; and I regret to say that these efforts proved to be entirely unsuccessful.

The reasons for the failure in the first instance to sell the bonds, and in the second instance to negotiate a loan upon them for an amount that would be sufficient, together with the means at the disposal of the contracting company, to complete the road before placing them upon the market, are so clearly set forth in the accompanying communication from Messrs. Dunlap and Smith, which I have been requested by them to lay before the Board of Directors, that I will not

undertake to repeat or to enlarge upon them to any considerable extent.

With the permission of the Board I will now read the communication referred to.

LONDON, 14th May, 1873.

To the President and Board of Directors of the North Shore Railway Company.

Gentlemen :

Inasmuch as our efforts to negotiate the securities of the Company, which we have agreed to take in part consideration for the construction and equipment of the North Shore Railway, have hitherto proved unsuccessful upon the basis of our contract dated April 5th, 1872, and inasmuch as we have been able within the last few days to close a conditional arrangement by which, if approved by the Company, we shall be enabled to realize a sufficient amount to secure the completion of the main line before the close of the coming year (1874), we have requested General Seymour, the Engineer-in-Chief, to return to Quebec and lay the matter before the Board of Directors, together with this communication, and any further suggestions and recommendations that he may choose to submit for your consideration.

Since our arrival in Europe early in August, 1872, we have devoted our entire time and energies to the matter of negotiating either an absolute sale of the bonds, or a loan upon them which would be sufficient to enable us to complete the road before placing them upon the market.

The failure of these negotiations may be traced in every instance to one of the following causes, or perhaps to a combination of the whole or a portion of them.

1st. The breaking down of the continental money market during the past year, and an unusual rise in the Bank rates throughout all Europe.

2nd. The violent opposition of parties who are interested in the Grand Trunk Railway.

3rd. The public announcement in Canadian papers that the Quebec subscription of one million dollars to the capital stock of the Company had been enjoined, and that the city would not issue its debentures as provided for by the terms of subscription.

4th. The fact that the grant by the Quebec Provincial Government of two million acres of timber lands had been found defective, on account of licenses having previously been granted by the Government to other parties upon portions of the same territory.

5th. The fact that the present comparatively small amount of individual subscriptions to the capital stock of the Company,

would, under its present organization, place the control of the railway and franchises of the Company, together with its land grant, which are the only securities upon which the bonds are based, entirely in the hands of parties who have little or no pecuniary interest in the future financial success of the enterprise; while the bondholders, who had advanced the money for constructing the road, and had thus become the only parties interested in its future success, could have no voice or control in the management or preservation of the property, upon the future value of which they will be entirely dependant for the payment of the interest and principal of their loan.

The stringency in the money market has sensibly diminished; and the present is regarded as a tolerably favorable time for the negotiation of first-class railway securities in the European markets.

The impressions respecting the want of integrity and good faith on the part of the city of Quebec, in the issue of her debentures, has been partially removed by means of letters and assurances received from prominent officials and citizens, that the obligations of the city will be faithfully carried out,—and, in order to do this effectually, it only remains for the Corporation to pay the proportion due for expenditures incurred in the construction of the main line during the past year, and thus place this matter beyond the reach of any contingency.

The officers and friends of the Grand Trunk Railway have made the most extravagant and inconsistent statements with reference to the probable future earnings of the road, and the value of the Company's land grant; and while the transparency of their motives in endeavoring to prevent, by every means in their power, the construction of a direct line between the cities of Quebec and Montreal, is quite apparent, they have at the same time an effect upon the sensitive minds of capitalists.

The damaging impressions with reference to the integrity and value of the Company's land grant, have not been sufficiently removed by the official assurances of the Commissioner of Crown Lands, approved by the Government, that such lands as may have been denuded of their timber within the blocks granted to the Company, will be replaced by others of equal value, both as to location and quality. The shadow which has been thrown over the entire enterprise by this unfortunate circumstance, will never be entirely removed until it can be shown beyond a ques-

tion, that the Government has made good to the Company the Grant, as originally contemplated by the act of Parliament.

Having partially overcome, or neutralized the difficulties above referred to, by the most patient and persevering efforts, during the past ten months in London, and on the Continent, we are obliged to meet the 5th objection, with reference to the stock of the Company; and here, in our judgment, the enterprise must certainly languish, and possibly fail, unless the Company, after a full knowledge and due reflection upon the facts, agree with our conclusion, and guarantee a further bonus of three million dollars of full paid stock, which we can place in the hands of capitalists who advance the money upon the Company's bonds, and thus enable them to exercise a just and reasonable control over the property, which forms the only security for the repayment of their money.

We are perfectly assured in our own minds, from our past experience, and a careful study of the money markets of Europe, together with the negotiations which have been successfully carried through since our stay in London, that the parties who furnish the money to build the Road, must have a controlling interest in the stock of the Company, to enable them to guard effectually against fraud and mismanagement on the part of those, who have comparatively no pecuniary interests at stake in the matter; and we are referred to many prominent Transatlantic Railways as affording the most conclusive evidence of the necessity of such precaution. The amount or future value of this stock, does not enter into the argument, the only question being as to the amount necessary to accomplish the object.

Your Capital Stock is Six Million dollars, and therefore it will require a bonus of Three Millions, and one share, to ensure success in our negotiations.

Having devoted one year of our time to the enterprise, and expended a large amount of money in engineering, rights of way, and construction; and entertaining sanguine expectations as to the business of the Road when completed, we feel too much pride and ambition to allow it to languish in our hands, without resorting to the last, and as it seems to us, the only remaining means that will secure the immediate construction of the Road.

The bonus which we now apply for, is not to be regarded as an additional compensation to us for constructing the Road, but as a necessary safe-guard and gratuity, to parties who may have sufficient faith in the Company, to invest their money in its securities.

We are entirely willing to incur the additional expense of opening the road for business during the coming year, and of paying the present high price for iron rails, in order to accomplish that object, without asking or expecting any remuneration, other than that specified in the contract.

The Stock of the Company has no present value, further than its issue may be successful in securing the completion of the Road, so vital to the interests of the City of Quebec, and the country through which it passes.

It has always been understood, that the subscription made by the city of Quebec was regarded as a gratuity, with the wise safeguard provided, that she should have a representation in the Board to guard and protect her investment. The Government, in its land grant, has also reserved the right of representation, and it is only carrying out this principle that is insisted upon by foreign capital. After using the amount of stock above named, the Company will still have in reserve nearly two millions of stock to be used as circumstances may require.

And in order that the proposed issue may be made available, it will be necessary that script certificates be issued to be deposited with the bonds entitling the holder to full paid stock upon the completion of the road. Finally—Without referring to the many prominent and obvious advantages which the city of Quebec, and the country through which the line runs, will receive by the hasty completion of the road, we beg to assure you that we know of no other plan than the one named, that will present sufficient inducement to attract the capital required to complete the road; but if the directors coincide with our views, and take prompt action in the matter, we are able to state that the work will be completed, and the line in successful operation during the year 1874.

We are, gentlemen,

Yours very respectfully,

(Signed),

GEO. L. DUNLAP,
PERRY H. SMITH.

The negotiations referred to in the foregoing communication, were commenced about two weeks before I left London, and they had progressed so far, and so satisfactorily, at the date of my leaving, on the 14th instant, that I could not entertain a doubt of their success, provided the railway company acceded to the modification of the contract, which was made a primary condition to success.

This modification, as will be seen, involves the granting of an additional bonus of three

million dollars of the capital stock of the company, in case the road is opened for business between Quebec and Montreal during the coming year, 1874.

In order that the Board may act intelligently upon this important subject, I feel justified in stating for their full information, that the negotiations between the contractors and capitalists, in which I participated, and the preliminaries of which were concluded just before I left London, were upon the following basis:—

1st—The estimate which I had prepared before leaving Quebec, of the probable cost of the work, embraced in the contract, was as follows:—

Main line.....	\$4,000,000
Piles branch.....	666,666
Total.....	\$4,666,666

At the suggestion of Messrs. Robert Benson & Co., my profiles, plans and estimates, were submitted to the justly celebrated Engineering house of Messrs. Sir Charles Fox & Sons, who, after several days of careful examination and study, reported the probable cost to be as follows:—

Main line.....	\$4,255,880
Piles branch.....	705,678
Total.....	\$4,961,558

Or in round numbers, \$5,000,000.

The principal causes of difference between my estimates and those of Sir Charles Fox & Sons, were the increased price of iron rails, and the increased expense of completing the road within the year 1874.

2nd—A syndicate to be formed that would represent \$3,000,000 (or £600,000) of outside capital.

3rd—The contracting Company to take the Quebec subscription of \$1,000,000 at par, and furnish the balance of the means required for completing their contract.

4th—The track to be laid between Quebec and Montreal, so as to commence business as early in the year 1874 as practicable.

5th—The mortgage bonds of the Company (\$6,000,000), to be held by the Trustee provided for in the contract, as security for the money advanced by the syndicate, until they were sold, and then, or after the completion of the road, their proceeds to be applied to the re-payment of the money advanced by the syndicate with 10 per cent. interest, and the balance to be divided equally between the syndicate and the Contractors—the time for selling the bonds to be governed by circumstances.

6th—Upon the sale of the bonds, either the Railway Company or the Contractors to deposit with the Trustee the amount required to pay one year's interest.

7th—The Railway Company to grant an additional bonus of \$3,000,000 of its capital stock which should be placed with the parties forming the syndicate, and purchasing the bonds.

From my knowledge, and almost daily intercourse with the houses of Messrs. Waring Brothers, Messrs. Robert Benson & Co., and Messrs. Borthwick, Wark & Co., who proposed to be the leading subscribers to the syndicate; and from my knowledge of the financial strength and resources of the parties constituting the Chicago Contracting Company, and their entire devotion to the enterprise, I have not the least doubt, that if the concession of an additional bonus of three million dollars in the stock of the Company is promptly granted by the Board, the North Shore Railway will be opened for business between Quebec and Montreal by the 1st of September, 1874. And it gives me great pleasure to state to the Board that Messrs. Smith and Dunlap, in behalf of the Chicago Contracting Company, promptly and cheerfully acceded to the demands of capital, in the division of their prospective profits, rather than submit to the mortification of having their reputation as successful railway contractors and managers sullied, by allowing so important an enterprise either to languish or die upon their hands.

That these prospective profits may also be understood by the Board, I have the permission of these gentlemen for giving the following figures as the basis upon which the negotiations were conducted:—

\$6,000,000 mortgage bonds, net 80. \$4,800,000
\$1,000,000 Quebec debentures, " 90. 900,000

Total assets.....\$5,700,000
Probable cost of road.. \$5,000,000
Interest upon capital.. 200,000 \$5,200,000

Leaving for profit.....\$ 500,000
One-half to Chicago Contracting Co. \$ 250,000

It certainly will not be claimed that the above amount (\$250,000) will afford an extravagant or unreasonable remuneration for the three years of time consumed, the capital already invested and to be invested, and the risks assumed by these gentlemen and their associates in connection with the undertaking. And I think it will be admitted that the sacrifice which they propose to make in order to ensure immediate success, very far exceeds,

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at least in present value, the concession asked for from the Railway Company.

It should be remarked here that the amount of stock involved in the concession asked for from the Company has very little, if any, weight in the argument advanced by capitalists. If a majority, or controlling interest in the stock, amounted to only one million, or even a half million dollars, the concession of that amount would be equally satisfactory to capitalists who were inclined to look favorably upon the enterprise.

If the Company could show a subscribed capital, held by responsible parties, of one or two million dollars, with a fair proportion paid in and expended upon the Road, capitalists investing in the bonds would be likely to assume that their interests would be looked after, to some extent, by those Shareholders. Or, if the charter of the Company contained the wise provision, that bondholders could have a *pro rata* representation in the Board of Directors, upon the same basis as the holders of the stock, then there would probably be no occasion for a resort to the measure now suggested; but as neither of these conditions exist at the present moment, and as there seems to be no probability of a change in the status of the Company in these respects, I do not see any other practicable mode of meeting the difficulty than the one suggested by the Contractors.

It may be said that, if the holders of the Bonds desire a controlling interest in the entire capital stock of the Company, they have only to subscribe to the extent of three million dollars upon the books of the Company, and pay into the Treasury the back calls of thirty per cent, or \$900,000, in order to accomplish the object—but it seems only necessary to state such a proposition, in order to show its utter impracticability. No Capitalist in London would entertain the idea for a moment, unless they were allowed to deduct \$900,000 from the proceeds of the bonds, and invest it in stock, and this would not leave a sufficient balance to pay the contractors for the actual cost of the work.

It may be said again, and with much greater show of plausibility, that a subscription, or bonus of a less amount than \$3,000,000, or an amount barely sufficient to cover the subscriptions already made by private individuals (say \$60,000), would be sufficient to meet the demands of capitalists, and secure to them the control in the management of the Company upon which they insist.

The reply to this proposition is, that the peculiar manner in which the Board of Direc-

tors is at present constituted, leaves the Directors who represent the individual stockholders, in a minority in a full board, so that calls could be made at any time for the balance of their subscription; or, if it consisted in a bonus of full paid stock, a majority of the Directors could, at any time, issue the whole, or any portion of the remaining Capital Stock, to parties whose interests might be hostile to those of the bond holders—also, the further reply, that the charter of the Company may at any time be so changed by act of Parliament, as to allow the Cities of Quebec and Three Rivers to vote upon their stock, and thus secure to them the entire control of the road, except so far as it could be influenced by the votes of the four Government Directors.

I am induced to refer here to the foregoing suggestions, or plans that may be proposed to meet the case, for the reason that I have repeatedly suggested the same plans, on behalf of the Company, to some of the most prominent and conservative Capitalists in London, and have invariably been met by the same replies. And I have, therefore, left these discussions, and finally left London, under the most unwilling but settled conviction, that there was no other alternative than the one now suggested, that would insure immediate success.

Having arrived in Quebec with these convictions unchanged, it becomes my duty as the Engineer of the Company, and occupying a position entirely neutral, as between the Railway Company and the contractors, to make such further suggestions and recommendations as may be deemed appropriate under existing circumstances.

In doing this it will be assumed, that the bonds of the Company cannot be placed advantageously in Europe, either now, or at any future period, without at the same time, placing the capital stock of the Company in such hands as will ensure, beyond any contingency, such a control in the management of its affairs, as will result in the greatest possible security for the repayment of principal and interest upon the capital advanced for the construction of the road; and at the same time assure to this capital its reasonable and just proportion in any contingent or future benefits that may be derived from its construction.

There can be no doubt that the combined interests of the Railway Company, the city of Quebec, the country through which the road will pass between Quebec and Montreal, the province of Quebec, and the entire Dominion of Canada, will be best promoted by the com-

pletion of the North Shore Railway within the shortest possible time.

It is also quite clear that the capital stock of the Company was authorized by act of Parliament for the sole purpose of enabling the Company to construct the road; and that the appropriation of a portion of it for that purpose, in the present emergency, will be entirely legal, and in strict conformity with sound public policy.

The authorized capital stock of the Company is \$6,000,000, of which there has already been subscribed and pledged, as follows:

City of Quebec.....	\$1,000,000
City of Three Rivers.....	100,000
St. Sauveur.....	25,000
Private Individuals, say.....	60,000
Bonus to Contractors.....	250,000

Total.....\$1,435,000
Add concession now asked..... 3,000,000

Making a grand total of.....\$4,435,000
Deducting which from the..... 6,000,000

authorized capital, leaves..... 1,565,000 still at the disposal of the Company, and it is believed that this amount will be quite ample to meet any and all future contingencies.

If the earnings of the road after completion are found to be sufficient to pay expenses, renewals, and the interest on its bonded debt, as it is confidently believed they will be; and if the grant of two million acres of timber lands shall be found of sufficient value to redeem the bonds at maturity, as it is confidently believed they will be, then the Company will never have occasion to issue the remainder of its capital stock. And if the above expectations are not realized, then neither the stock already issued, nor that which remains unissued, will have any intrinsic value. So that in either event it is quite difficult to conceive of any real sacrifice the Company would make by granting the concession now applied for.

I can therefore arrive at no other conclusion than that the interests of all parties concerned will be best promoted by the prompt and favorable action of the Company upon the application now made by the contractors.

If it shall be thought that the parties in London who furnish the money for constructing the road, and thus take all the risks of the future value of the Company's securities, upon which these advances are made, are making unreasonable demands upon the Company and contractors, I am authorized to say

that the parties in London who propose to form the nucleus of this syndicate, will be entirely willing to allot any portion of it to the merchants or capitalists of Quebec, or any other locality in Canada, who may desire to share with them these risks, and participate with them in the supposed profits and advantages which are to result from the proposed concession.

If it shall be thought, again, that the contractors are making too large profits out of their contract, in proportion to the capital which they advance, and the risks which they have assumed; and that they should therefore make larger sacrifices than they propose to do under the arrangement now contemplated, in order to secure the completion of their contract, I am authorized to say that the contractors will be most happy to associate with them any experienced and responsible parties in Canada who may desire to invest their money pro-rata with them in the contract, and share with them proportionately in its risks and responsibilities, as well as in its ultimate profits and advantages.

I am fully aware that an impression prevails in the public mind that the profits that will accrue to the contractors, under their present contract for constructing the North Shore Railroad, are enormous, and quite out of proportion to the actual cost of the road, and the risks which they have assumed in connection with the undertaking. These impressions have been strengthened by recent publications in the newspapers of Montreal and Quebec, in which comparisons are drawn between the cost per mile of the North Shore Railroad, under the present contract, and the estimated cost of the Northern Colonization Railway, which it is proposed to construct between Montreal and Ottawa.

The statements made in a previous part of this report, with reference to the profits of the contract, are believed to be a sufficient answer to the impressions first alluded to.

The statements contained in the newspaper articles referred to, and which were extensively published during my recent absence in Europe, for the evident purpose of prejudicing the minds of the new members of the present Board of Directors against myself, as the Engineer of the Company, as well as against the contractors who have undertaken to build the road, seem to justify if not demand a more extended notice.

I deem it exceedingly fortunate that at this the first meeting of the present Board of Directors, I am permitted, as an act of justice to myself, and duty to the Board, to make

such explanations with reference to the contract, and such a vindication of my own position in connection with it, as will, if believed by the Board, exonerate me from the charges and insinuations contained in these articles.

The statements referred to are substantially as follows :

The cost of the North Shore Railway under the present contract will be \$6,842 per mile more than the estimated cost of the Montreal Northern Colonization Railway, while the road itself will be quite inferior as regards all the essential requisites of a first-class railway.

After quoting several items of difference in the specifications or plan of construction for the respective roads, which are intended to show the superior character of the Northern Colonization road, the article contains the following extraordinary paragraph :

"There are other points where comparisons might be instituted, but enough has been advanced to show the necessity of a thorough revision of the contract entered into by the North Shore Company with the American contractors, and also presided over by an American engineer, who is in the interest of, and under the pay of the contractors, at the expense of the Province."

The article closes with the following paragraph :

"Let the Government and new Board insist that the surveys, plans, estimates, &c., be revised by some eminent Canadian engineer in whom the public have confidence, and we will secure actually a *first-class road*, and at a greatly reduced cost to the Company and country."

With reference to the comparative cost of the two railways referred to, the difference in the estimates is very easily explained.

Mr. Legge's estimate was undoubtedly made upon a cash basis, and therefore represents an amount which, in his opinion, will cover the actual cost of the work, if let by the company at cash prices.

My estimate, as stated on page 16 of my report of April 20th, 1872, was based upon payments in the securities of the company upon which the contractors would pay the interest and sustain the discounts, if sold below their par value; the contractors also assuming the past indebtedness, and future expenses of the railway company, all of which is fully explained in the report referred to.

If both estimates were to be compared upon a similar cash basis, the following would be the result :—

Mr. Legge's report was made without any previous survey and location of the line, or any accurate knowledge of the difficulties to be encountered in its construction; and his estimate was therefore based upon conjectural quantities, and it seems that it resulted in a mere guess, that the cash cost of the Northern Colonization Railway and equipments would be \$30,000 per mile.

My own estimate of the cash cost of the North Shore Railway and Piles branch, aggregating 185 miles in length, is based upon an actual survey and location of the line, including cross sections and soundings of the streams to be crossed, careful computations of quantities of earth-work, masonry, bridging, etc., etc., and it results, as previously stated, in an aggregate of \$4,666,666, or an average of \$25,225 per mile.

This estimate, together with the data upon which it is based, have been submitted to, and revised by the Engineering house of Sir Charles Fox and Sons, of London, whose opinions, I believe, are regarded as of some weight in Canada, and they report that the total cash cost will be \$4,961,553, or an average of \$26,819 per mile.

It should be remarked that my estimate includes the interest on the \$6,000,000 mortgage bonds of the Company, and on the \$1,000,000 of Quebec debentures during the construction of the railway; and also the past indebtedness and current expenses of the Railway Company, neither of which items or any of a similar character are probably included in Mr. Legge's estimate.

It has been shown in a previous part of this report that with a nominal consideration of \$7,000,000 payable entirely in securities which must be sold, at least 6-7 of them at a large discount, the contractors can expect to realize a net profit of only \$250,000 upon the contract, or say 5 per cent upon the actual cost of the work. And I feel justified in saying that no responsible contractors would now undertake to perform the contract at anything like this margin of profits.

Twenty per cent is always regarded as the lowest that will afford a reasonable margin for profits upon a contract of this magnitude, and involving the risks and responsibilities which are inseparable from it.

The Northern Colonization Company may therefore regard themselves as exceedingly fortunate if they succeed in constructing and equipping their railway upon as favorable terms as those embraced in the present contract for the North Shore Railway.

With reference to the above direct charge of complicity or collusion "with the American

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contractors at the expense of the Province," as well as of the Railway Company, I can only say that it has never been my practice to answer newspaper attacks made either upon my integrity or ability as a Civil Engineer.

If a tolerably long and active life devoted entirely to the profession, upon some of the most important works of public improvement upon the American continent, has not secured for me a reputation that is above and beyond any injury that can be effected by the publication of cowardly articles of this kind, it would certainly be useless for me to attempt to bolster it up by any other means, at this late day in my professional life.

It may not be out of place, however, to enquire, at the present time, why Mr. Legge, "the astute, clever, and experienced Chief Engineer of the Northern Colonization Railway," as he is called in the article referred to, or some other of the "eminent Canadian engineers in whom the public have confidence," have not during the past twenty years in which the North Shore Railway has been in a languishing and almost dying condition, discovered its peculiar merits as "the first link in the Great Northern Railway, to extend at no distant date from one end of our Province to the other," as is very justly claimed by the article referred to; and have not by their reports and representa-

tions in its favor, induced Canadian contractors to undertake its construction, and thus reap for themselves the enormous benefits that it is claimed will accrue to American contractors, who, at this late day, and almost solely upon my estimates and representations, have in good faith undertaken to construct the road.

I have deemed it proper to make the foregoing statements in defence of the previous policy of the Company as connected with the present contract, in order that the members of the present Board, who are not entirely familiar with the past history and present condition of the Company, may act intelligently and without prejudice upon the important proposition which is now before them.

Having thus performed my duty in the matter to the extent of my ability, and entertaining a firm conviction that the immediate and rapid construction of the railway, as well as its future success, depend entirely upon the decision of the Board with reference to the question now before it, I leave the matter in the hands of the Directors.

All of which is most respectfully submitted.

SILAS SEYMOUR,
Engineer-in-Chief.

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